

RICHARD BERGEN

(1914 - 1992)

**Taped interview of Richard Bergen by Marla Daily,
March 11, 1992, at the Santa Cruz Island Foundation office,
1010 Anacapa Street, Santa Barbara.**

SUBJECT: The Stanton Family and Santa Cruz Island

M.D.: Wednesday, March 11, 1992 This morning I will be interviewing Richard Bergen. Dick Bergen is retired from the law firm in Los Angeles of O'Melveny & Myers, representing Carey Stanton when The Nature Conservancy deal was made for Santa Cruz Island. Before that, he had been the attorney for both Mr. and Mrs. Stanton.

M.D.: Go from there on how you happened to meet the Stantons, if you would, please.

R.B.: My birth date goes back to January 14, 1914--more years than I like to think about! In any event, I met the Stantons through Jack O'Melveny. Jack was my senior partner in the law firm of O'Melveny & Myers. When I joined them it was O'Melveny, Tuller & Myers. Then Tuller died as well as did O'Melveny, Sr. Jack [Jr.]'s father was alive at that time, and there was some discussion and a little concern in the firm as to whether it would be O'Melveny, Myers, Russell, Flaherty, Dunn, Beebe, and whoever else. O'Melveny said, no more--the firm will be O'Melveny & Myers. It has called that ever since. Jack O'Melveny, Jr., said his dad took over the management of the firm in a very real sense. He was a great guy and a very strong-minded guy. He built up the firm.

I was the 29th lawyer at the firm in 1939. I was out of the firm for 4-1/2 years, in the navy, as a lieutenant in intelligence. I came back and thought I was over-paid. I think it was \$325 a month. I started at \$125 a month in 1939, so there has been quite an escalation in attorney's salaries--kind of a sign of the times.

In any event, Jack O'Melveny and his wife, Corinne, were relatively prominent socially, business-wise, and otherwise in Los Angeles. They became friends with the Stantons and people comparable to them and their social standing, and they did things around town. It was through Jack that I got acquainted with the senior Stantons, I think with them first, and then with Carey, but it was pretty close to being a simultaneous event. The Stanton's first son, Edwin, Jr., was killed in the war. Carey said that the family had planned for Edwin to take over the island and the family business and Carey to do whatever he wanted to do, mainly to practice medicine. As you know, he went to medical school and interned back East and actually practiced, I believe. I know he went to the County Hospital for awhile. Mr. Stanton was running the island and wanted Carey to come and take over the operational details.

M.D.: What can you tell me about Mr. Stanton, in terms of his personality, his appearance, and perhaps the first work that you did for him?

R.B.: He was a very forceful personality, and very delightful personality, with a great sense of humor and a fun person to be with and work and socialize with. He made his money in business and in oil, mostly business. He sold his business, I think in the late 20s or 30s. I think it was around 1937 that he bought the island. I've seen all the records and we have them at the office. I believe he purchased it for \$750,000. That's my recollection.

M.D.: Was your law firm involved in that original purchase?

R.B.: I don't know. I don't think so. There was a man by the name of Spike Salsbury who represented the Stantons before we did. I never knew Spike because he had died by the time I came into the picture. But I think on his death, Ed Stanton went to Jack O'Melveny. I think Jack brought me in from the inception. I don't remember working with any other attorney outside of Jack on the Stanton account. Ed was, as was Jack, a cowboy, macho-type of man. The O'Melvenys were entertained on the island and the Stantons in the O'Melveny home. They knew each other socially and otherwise. I remember Jack giving a stag dinner party for Ed Stanton, and he was nice enough to invite me to attend. I think it was at Perino's. You know in the early years I was just a kid among all these prominent men. It was quite a party. Jack and Ed were a great storytellers. They entertained us with jokes. I can't tell the story, but Jack O'Melveny had a famous story about a bull that, whether it was the punch line of the story or Jack O'Melveny's way of telling it, I do recall it was very successful. And Ed Stanton retorted in kind. He, too, was a good storyteller. They had a lot of fun, with always a fair amount of triviality and I should say a little bit of drinking, but nothing out of line, just enough to make everyone happy and jovial.

My first meeting with Edwin, Sr., I think, involved his will and he brought me in on that, with the help of someone from our probate department, whose name I don't recall at the moment. It was a fellow named of Stanton [sic] who was doing our probate work at that time. I drew and supervised their wills.

M.D.: Would this have been before or after the son was killed? Do you recall?

R.B.: After the son was killed. He was killed during the war, and I didn't know the Stantons prior to the war or during the war. This all occurred after I came back to the firm in 1945. Prior to that time I didn't do any work for them. I would guess it was between 1945 and 1950 when I first met them. I can get the file out and be precise but I don't think it really matters.

M.D.: Were they ones to change their wills often, or to update them?

R.B.: Not to change often, they had very definite ideas.

M.D.: Do you recall what they were?

R.B.: Some of them. The will is public knowledge. Without disclosing any confidence, the particular reference to Santa Cruz Island which was very important to him, was a big part of their lives, and a big investment for them. It was their major holding, although they had other assets and incomes which allowed them to live well. I don't think they ever took any money out of the island, because if it was profitable it was only marginally profitable. They ran cattle there and had some lease income and things like that. If it was making money, it wasn't much. They wanted to make some money off of it, and one of the reasons he asked Carey to come was to try to promote income which Carey tried to

do and did successfully as you know.

M.D.: That would have been about 1957 when Carey moved back to the Island.

R.B.: That's a little later than I thought. But you know that date...

M.D.: I think Carey had been going back and forth quite a bit and then he finally made the decision to give up his practice to live and work on the island full-time.

R.B.: I'm sure Carey was involved in the island when I came into the picture, because they were committed to Carey taking over the island at that time on their demise, and wanted him to do so without family problems and troubles. They tried to set it up in a fashion to avoid family problems, at least to the extent possible. Specifically consulting intensively with both Ed and Evelyn, they basically wanted Carey to have 2/3 interest and control of the island and of their whole estate. Their grandson, Carey's nephew, Eddie, Jr., was to have 1/3. That was their basic estate planning. They hoped, of course, that the two would get along and, unfortunately, they didn't. But that's not unusual in families. There was nothing they could have done about that. But at that time they were certainly all compatible, although I don't think Eddie and Carey were ever close to my knowledge. They were at least not unfriendly until later on, when they became definitely unfriendly.

I think it was my first meeting with Evelyn, although I met with him [Edwin, Sr.] as well. They wanted me to come out to the house and talk with her and try to explain what we were doing and how we were doing it. I remember it was a very warm August day as we get occasionally in Los Angeles and they had their big home in Hancock Park--no air conditioning or anything, of course. I came out dressed as a young lawyer dressed in those days. We sat down in the living room and chatted for awhile. She had her dog--she loved these little dogs--and we were having preliminary talks about the will, the estate, and I finally said, "Evelyn, would you mind if I took off my coat?" By then I was calling her Evelyn, maybe Mrs. Stanton. She said, "I don't mind at all, take off your pants if you want to." So that broke the ice and we got along just fine!

We worked out a program where they owned the island individually. I say individually meaning as a couple. I don't know whether it was tenants-in-common. In any event, it was regarded as community property. It was their property and in their names. I think they bought it that way although I'm not completely sure. It wasn't in a corporation or a partnership.

M.D.: It wasn't in the name of the Santa Cruz Island Company?

R.B.: Not at that time. They owned it individually.

The idea, since they wanted Carey to have control, and as the tenants-in-common, to give Eddie 1/3, would put him in a position to have a partition suit or another partition

suit over the island, and divide it, which they didn't want. We recommended to them, which they accepted, that they save their wills, and on their death, the death of the last survivor, a corporation would be formed, the Santa Cruz Island Corporation. The stock would be delivered 2/3 to Carey and 1/3 to Eddie. Carey was to control it through his 2/3 ownership of stock.

M.D.: I believe it was a revived corporation. Somewhere I have seen, I believe it's on the document that is called the Chain of Title, that it's called a revived corporation. It may be because the Santa Cruz Island Company existed a long time ago under the Caires, I don't know.

R.B.: I'm quite sure we formed a brand new corporation after their deaths, and as part of the estate put the island in the name of the corporation, together with the personal assets other than Carey's personal things, and that issued shares 2/3 to Carey and 1/3 to Eddie.

M.D.: When you say the Stanton's personal estate, do you mean that their furnishings and their personal property went into the corporation?

R.B.: No, only involving the island. Everything involving the island that they owned went into the corporation as well as their real estate itself. We distributed the stock in the estate, 2/3 to Carey and 1/3 to Eddie.

M.D.: Were there actual stock certificates made?

R.B.: Oh, yes, and delivered.

M.D.: I wonder where they are.

R.B.: Well, in those days it could be, they were what they called escrowed, but probably in the records of the firm we'd find out where they were. But it was common then when you had a corporation that wasn't publicly owned for the corporation commissioner to make you escrow the stock so that it couldn't be issued to anyone but the original people without their consent. They were willing to have, shall we say, stock that they didn't want issued to the public, issued to individuals. But they didn't want that transferred then to people who would get it into public hands, without their further consent. My guess is that happened, it was escrowed, it is probably still in the archives of the firm someplace.

M.D.: I'm very curious, just as an aside apropos of this, when Carey died, on his town key ring, there were several keys which I was told belonged to a safety deposit box. I checked with Security Pacific, he had no box there. We never did find out to what those keys went.

R.B.: I have no light to throw on that.

M.D.: My thought was, that I didn't know if these stock certificates could possibly be something that would be kept in a safety deposit box, since I have never seen company stock certificates. I don't know.

R.B.: The custom was, for the most part, for an attorney to ask his escrow holder and keep it in the corporate files. Chances are those are with the firm. Maybe not in my name. They would be in Carey and Eddie's name, but I would be the escrow holder. David Watts could run that down for you. The firm, I am sure hasn't destroyed any files, and if you want to get into details of anything, I'll sit down with you when you get the files and go through things which, of course, will refresh my recollection and make things far more accurate than my memory.

M.D.: At one point David did deliver some files to us here. We do have some files from O'Melveny concerning the Stantons.

R.B.: Not now, obviously, but maybe after this, if you want to go through those files and tab things that you might want to know more about, I'll be glad to get back and take a look at the files with you.

M.D.: Thank you, that would be wonderful.

R.B.: In any event, after my meeting with Mrs. Stanton at her home, we established a very cordial personal relationship though the age difference obviously made--we didn't socialize, although we did see them. Carey came into the picture and we saw him more socially than we did at the elder Stantons. The O'Melvenys saw more of them than they did of Carey. Rosemary and I were more involved with Carey and we got along quite well.

Carey, as you know, was a lot of fun, and we would go to the island and he would come to our home. We had mutual friends that we would see him with, and invite him to join us with, and visa versa. We would go to the islands with the Goodans and other people that he thought would be appropriate.

Their wills were constructed basically on that line, in the estate Carey was executor. I worked with him intensively on that, and we formed the corporation. It was a new corporation, although we may have had to clear the name from the four to get a name clearance. In any event, we got and formed it, issued the stock and we distributed 2/3 to Carey and 1/3 to Eddie, which was very important because if it had been distributed to them individually when they didn't get along there would undoubtedly have been a partition suit and the island would have been partitioned. That happened in the case of the Caires. The senior Caires left the island to the individual family members and there was a 20-year partition suit which almost broke the family, and the island was at that point divided into 7 parts. That's how the Stantons bought 5/7, or 6/7, I've forgotten. In any event, the Gherini portion went to one side of the family, and I think that was 2/7, and then the Stantons bought 5/7. It was distributed to another branch of the family. Then the two branches were fighting for 20 years.

M.D.: And still are now.

R.B.: That is what happens in families. All of us at the firm were very careful in advising families that owned significant real estate to try and avoid setting up anything in a fashion that could rise to partition suits because we had enough experience to know that was something to avoid. By putting it into a corporation we did indeed avoid a partition suit.

M.D.: To your knowledge, did the nephew and Carey both know of this arrangement?

R.B.: Carey did. I think Eddie was pretty young at that point. I recall meeting him, but he was in school. I knew his mother and his step-father, Fred Wherle. Fred was a lawyer, but Fred didn't come into the picture in representing the Stanton family. They got along with Eddie's widow, and there was never any squabbling there, although I know when Eddie and Carey did disagree later on, Fred Wherle advised him to a degree. But I think Eddie also had separate counsel, besides his step-father. In any event, his step-father basically reared Eddie and they were very close, and still are. Fred is still alive. Not well, but alive. I see him occasionally. That would be a little delicate, I think, maybe not. In any event, he's a very nice person and Eddie's mother has passed away. We knew her socially and there was never any problem there. I don't think Carey had any dispute with the mother or Fred Wherle. They would see each other at family gatherings and there was never any, to my knowledge, basic problems there.

M.D.: I suspect that problems began when Eddie was, I'm just guessing, perhaps a teenager or slightly older. The photograph in records that we have show Eddie on the island quite a bit younger when he was 4 or 5 years old. His hand-print appears in cement on the island and then he's not included in photographs participating on the island, certainly after his grandfather's death, which would have been 1963. I don't know of any photographs of him on the island after that time.

R.B.: Well, that ties in with my recollection, too. I don't know any facts, and I don't know how his feud really got started--I know how it ended. I do know that at a point they simply didn't get along very well. It was the intent of the parents, and Carey felt strongly, that they wanted Carey to be in control, which was correct. And Carey wasn't one to relinquish control. And he didn't, until he brought in The Nature Conservancy. But that's another story.

M.D.: We'll get to that. When do you recall hearing about Ed Stanton's death? What events led up to his death--do you recall his being ill or how you got word that in fact your client had died?

R.B.: Not specifically. I think he was sick for awhile, but his estate planning had been done long before that. There were not last minute changes or anything of that nature. It was all set up and they were satisfied with it. Carey was satisfied with it. Whether they had talked to Eddie or not I have no idea. I suspect they had. But maybe not.

M.D.: So, then when Edwin died, the island just went to Evelyn until her death, is that correct?

R.B.: I'm not sure. They died pretty close together.

M.D.: There was a ten-year difference--1963 and 1973.

R.B.: Well, she then had control during that ten years. That was part of their deal. As long as either one of them was alive the other would have control. How title was held at that time, I'm not clear. The files would disclose that. Then after her death the corporation was formed. I don't think before her death. Maybe it was on his death.

M.D.: Did the nephew instigate a lawsuit, to your recollection, immediately when she died?

R.B.: No.

M.D.: Carey used to say to me, "my nephew waited until my mother died before he turned around and sued me."

R.B.: Let's say he didn't sue or cause any problem as long as his mother was alive. I don't think they were particularly friendly during that period, but there was no estrangement to my knowledge, and certainly no lawsuit. That occurred after he held his stock for a fair amount of time. It wasn't an immediate thing, even after her death.

M.D.: How were you made aware of it, do you recall?

R.B.: Through Carey. And my recollection is that it was a rather gradual estrangement, so to speak. It didn't happen immediately and it didn't happen over one or two events. There was no blow-out per se, at least for awhile. I do recall the ultimate disagreement, so to speak. Eddie was a stockbroker and he was out trying to make a living and he had a wife, and as I recall a child. He really wanted some income.

At that time, Carey was struggling to break even with the island, I think it was for awhile, it was either a loss or close to a loss. The oil income, incidentally, that they had was put into the corporation as well as the grants and the oil properties. Their other assets were distributed outside of the corporation. Part of the idea was that the oil income would be sufficient to make up any deficit at the ranch so they didn't have to borrow money on it. And it did that for awhile, according to my recollection. It wasn't a lot of money, but it was enough. The island was paid for, there was no mortgage, no interest, and the cattle did make some money, and the oil income made enough. Then they got some lease monies. Carey started making leases. The Navy lease was already on the property--made by Mr. Stanton. I'm reasonably sure of that. That brought in income. Carey renegotiated that at one point, and increased the income. We did all the legal work on this and worked with Carey. General Motors lease, I remember specifically, was quite a negotiation. It seems there were a few others--he had the Hunt Club. That was very important. It became even more important and that was quite a negotiation. And permits, he had income from permits.

M.D.: Do you recall a ballpark figure as to what the oil income would have been?

R.B.: Maybe ten, twenty, thirty thousand, but in those days that was real money. They got some lease bonuses. At that time they even thought that the island might have oil, and a lease was made with the then Richfield Oil Company.

M.D.: I just interviewed both Jack Hunley and Joe Dunn who was the man who put in the wells on the island.

R.B.: Good. Those were drilled in the '30s, weren't they?

M.D.: 1954.

R.B.: Fifty-four, okay. I remember this vaguely and of course they were dry. But they got some money for the leases. They were getting along, but they weren't paying any dividends on the stock.

M.D.: So, in other words, the nephew had no income from the island?

R.B.: He had no income from the island. Carey was adamant that unless and until the island made money he wasn't going to pay dividends to please his nephew, although his nephew obviously would have preferred it be otherwise. But it wasn't making much, if any, money, and it wasn't as if Carey was sitting on a lot of cash and refusing to pay dividends, although he had that power. Carey's personal salary was relatively small.

M.D.: Do you remember what it was at that time? I know what it was at the time of his death.

R.B.: Well, I'm sure it was under \$20,000 a year. Carey was a frugal person as you know. He didn't have big expense accounts and he didn't spend a lot of monies on taking people to dinners or anything like that.

M.D.: Parsimonious, I believe.

R.B.: I think that's a fair description. And he would admit to that. He was just careful. It was that simple. He could be, as you also know, very generous, particularly with his time, presence, concern, sympathy and willingness to help. So, Eddie wasn't getting any money and he knew that island was potentially very valuable. He knew that he beneficially owned 1/3 of it although it was represented strictly by stock. So, he couldn't do anything unless he could get control of the Board of Directors, which he couldn't because Carey owned 2/3 of the stock and could elect two out of the three directors.

M.D.: Who were the directors at that point?

R.B.: Well, I'm sure I was, and I think Franny McComb and Carey. There were three directors. Carey did not want Eddie as a director. He was supposed to be in control and Eddie might have asserted that right, but he did not, at least initially. But I'm sure he wanted money, and Carey was not making much of any money and wouldn't strip the corporation or sell part of the corporations assets, sell part of the island or re-subdivide it or do anything that might raise money. That was a basic dispute between the two of them. I know that for awhile Eddie was at the island and spent some time there and brought friends over. I think on one or two occasions, his bringing friends over didn't work too well.

M.D.: Do you know where they stayed--was it at the main ranch?

R.B.: It's the only place they had to stay, I think.

M.D.: That would have been before the Christy Ranch was refurbished.

R.B.: Christy was a long way away. I recall his driving us over there when it was just a broken down shack. You would go over there for the day, but just to look at it and go down to the beach.

M.D.: That must have been something, having Carey have his nephew with guests in what Carey considered to be his very private home.

R.B.: That is right. And that didn't work out too well.

M.D.: With the nephew figuring he owned 1/3 of it, undivided interest, he would have had rights.

R.B.: Well, it wasn't an undivided--he owned 1/3 of the stock of the company, and that's a very critical distinction which he was aware of. But still in his mind he thought, "well, I really own 1/3 of this and I'm not getting any money or any pleasure out of it or even having any authority with respect to anything that's done about it." There was basic resentment over that which is understandable, because the parents intended Carey to control and preserve it. So, Carey wasn't violating the parent's intent. In fact, he was carrying it out, but nevertheless there was some degree of resentment over what Eddie would regard as an arbitrary attitude, let's put it that way, and desire to keep and maintain control and exclude him from any substantive ability to change the situation.

M.D.: How did it escalate, what were the results of the escalation of their disagreement?

R.B.: Well, it escalated to where Eddie finally sued Carey.

M.D.: Who represented Carey, do you recall?

R.B.: Yes, two attorneys who left our firm and formed their own firm. I told Carey that this could lead to a conflict, and I should probably at this time get off the Board. One of the partner's name was Thorpe and then the other partner's name was Manfredi, George Manfredi. Both of them were with our firm, and left, and formed a nice, small firm. Both were competent lawyers, and we recommended them to Carey. Because we had represented him, and because we felt that we shouldn't handle this lawsuit as our depositions might be taken and it could create conflict. So, he hired Manfredi & Thorpe to represent him in the litigation. About that time I think, I resigned from the Board again for fear of a conflict, to be called as a witness.

M.D.: Do you know who replaced you?

R.B.: Come to think about it, I think Franny McComb replaced me. I don't think Franny was on the Board, but I'm not sure.

M.D.: We're missing another person who would have been on the Board.

R.B.: I brought David [Watts] into the picture at about that time. I know David went on the Board, but I'm not sure when. I know Franny McComb was on the Board for awhile, while I was on it, because Franny, Carey and I met on several occasions. When I went off the Board, I'm not sure who took my place, but ultimately David came along.

M.D.: Do you remember the charges of the lawsuit?

R.B.: Yes, in a general way. But it would be far more accurate and much better, if you want to get into that, if you get a copy of the complaint.

M.D.: What were the results of the lawsuit and how did things progress from there? How did The Nature Conservancy become involved? Let me backtrack if I may, for one moment. What were the consequences of Evelyn Stanton's death as far as estate taxes were concerned?

R.B.: We had significant estate taxes, \$100,000 or more, in that range. We had to raise money. To do that, a good deal of the securities owned by the Stantons, which they were living on, had to be sold. Again, Carey didn't want to sell the island or sell anything with respect to the island or any of the property. It was the intent of the Stantons that their that their free assets--stocks and bonds--would be sold and paid to the estate taxes. This was contemplated, to my knowledge.

M.D.: So, that was done and the estate taxes were satisfied, apart and aside from what went on between Carey, the nephew and The Nature Conservancy eventually?

R.B.: Let me be sure of my recollection. I think so.

M.D.: I'm trying to figure out if the estate taxes were involved in this big mix of the lawsuit and the Conservancy and what happened, or if that was just a separate thing.

R.B.: To my knowledge, it was a separate thing. The estate taxes were paid out of the Stanton's residual estate outside of the island, which they wanted done. The island stock was distributed free and clear, with no mortgage on the island. Any remaining possessions of the Stantons were also distributed 2/3 to Carey and 1/3 to Eddie. I think they both got some money after estate taxes, or some stock and bonds.

M.D.: Carey personally received 2/3 of the Stanton's securities and the nephew would have received 1/3. So, the nephew did receive something from Mrs. Stanton's death?

R.B.: I'm reasonably confident. Yes.

M.D.: The reason I was asking the question about the estate tax is because it would infuriate Carey when newspaper after newspaper and reporter after reporter would say he was forced into a deal with The Nature Conservancy because of pending estate tax debts.

R.B.: Not true.

M.D.: And he vehemently denied that.

R.B.: He is correct. To my knowledge, I'm reasonably sure of it. To be absolutely sure of some things, let's get the files, that might alter timing, not substance. To my recollection, the estate taxes were not involved in the lawsuit. Eddie filed an actual lawsuit. Carey was served. Just call it a dispute over the island at this point. It would be very easy to get a copy of the complaint. It would be more accurate to the allegations. Basically, Eddie was a dissident shareholder. He was a third shareholder and was unhappy with not getting any dividends and not being a part of anything with relationship to the island. By this time they were pretty definitely estranged. Carey, of course, was extremely upset. If there had been any relationship left before the filing it ended--even the ability to communicate at all, and from then on it was between the attorneys. At this time, I had backed out of any direct relationship to the lawsuit because I could have and would have been a witness and didn't want to get into a charge of conflict. I had to be an independent witness, and wanted to keep that position.

M.D.: I think probably from the nephew's point of view there was no hope, there was no future of an income that was apparent.

R.B.: That's correct. Carey was not going to subdivide the island. He wasn't going to sell it. There had been people around making talk about being willing to buy it for millions of dollars. I'm sure that got to the nephew's attention. He was now out of college and with Bateman, Eichler & Richards, as I recall. It's a brokerage, and had some personal sophistication in stock and real estate value. He knew that he was beneficial owner of 1/3 of a property that was quite valuable but had no power or ability to realize anything from it, short of the lawsuit. He was correct, and Carey would be the first to say so, that he wasn't going to relinquish control and didn't want to sell, and didn't want to subdivide. That wasn't to Eddie's liking.

M.D.: Was there ever any thought on Carey's part of satisfying the nephew somehow, in owning 100% of the island, being able to buy out, say from his parent's assets, his nephew on a personal basis?

R.B.: Well, Carey at that time didn't feel he had enough money to do that. That would distract him beyond his ability to be comfortable in his own personal life.

M.D.: Were there any figures ever mentioned what it would require?

R.B.: No. To my knowledge, Carey never made an offer and Eddie never made a demand over money or a sell-out. But both knew that Carey didn't have the assets to buy Eddie out at any price that Eddie would consider taking, although we never knew what Eddie's range was until later, which I'll get into. But Carey wasn't at this time individually wealthy. He was comfortable, a few hundred thousand, as I recall. But I don't think he was up to a million dollar figure then, and he'd have to strap himself and he wasn't willing to do that, and with reason, because he just couldn't have done it. He'd have to go into debt and he wasn't one for that. So, there was no real possibility of a monetary settlement without something giving. Carey didn't want Eddie to inherit his 2/3 of the island either by that time, and it was completely out of the question. Carey was thinking of estate planning and how he wanted the island preserved. And how he could perpetuate that was constantly on his mind, and he came up with The Nature Conservancy as being a possible vehicle to enable him to conserve the island as he thought they would do.

M.D.: He brought that up to you?

R.B.: He brought that up to me. We may have talked about a charity, but I hadn't heard of The Nature Conservancy, and he had somehow heard of them through you. He made the contact, but I don't know who it was, do you?

M.D.: Yes, I do. And I know a fact which you may find interesting. I had a friend named Jake Kittle who was on the California Board of The Nature Conservancy. Jake was a wealthy rancher who owned Rancho Las Cruces. Unbeknownst to Carey in 1973, The Nature Conservancy had targeted Santa Cruz Island and Carey Stanton. They produced a confidential memorandum with a plan of potential ways they could acquire Santa Cruz Island. The first thing they needed was a contact to Carey Stanton.

At the time, I worked with Carey on a part-time basis. Jake Kittle knew that I worked for him and came to the island back and forth regularly. Jake asked me one day if I would consider having Carey Stanton come to a meeting if he could arrange a speaker from The Nature Conservancy to come down from San Francisco to give a talk at the Santa Barbara Museum of Natural History. This was in 1975.

Jake had me up to his ranch and told me that he had left his ranch to The Nature Conservancy, and if that I cared about Santa Cruz Island the way he thought that Carey Stanton did this would be a great thing, but for me to please not tell Carey that he had asked me to do this. I said I would indeed invite Carey, but I had no control over his personal schedule and had no idea whether or not he would come.

I asked Jake if I could please have a copy of the targeting, so to speak, which he provided me with. Much to my surprise, it was a document that had been written two or three years earlier, in 1973, I think it was. The meeting was set, the speaker was arranged to be at the Museum of Natural History and I told Carey about the Conservancy. I thought they were wonderful. He had confided in me at that time that he had concerns about his estate planning, he knew he did not want the island to go to the government and although he looked dearly at the University of California Field Station, he didn't feel comfortable leaving it to them because, again, they are under the governor and the constituency could change. He didn't feel good about that, and he was looking for options. The timing was right. He flew in from the island, we went to dinner and then we went to the meeting at the Museum of Natural History. And that was his introduction to The Nature Conservancy. At that time, he did not know that that was all prearranged specifically for him to go to that meeting.

R.B.: Please continue on because you're telling me things that I didn't know.

M.D.: Well, from that point, this is where you pick up again. He came to you with the idea of The Nature Conservancy. How did it proceed from there?

R.B.: He said, "I like The Nature Conservancy, they seem to talk my language. They say they want to perpetuate the island as I want it perpetuated. How can we work them? What's the possibility?"

M.D.: That would have been maybe 1975 or 1976.

R.B.: And the lawsuit had been filed. This was a lawsuit by the beneficial owner of 1/3 of the island against a beneficial owner of 2/3 who, although he controlled it, had no power to take away the 1/3 of the stock that Eddie owned. That wasn't given to Carey by the

parents, they wanted him to control it but they wanted Eddie to have the certainty that Carey couldn't take it away from him. So, if Carey wants to give the whole island, through his estate, he has to do something. He can give The Nature Conservancy 2/3 of the stock, but they would then have a third owner, disgruntled, and that wouldn't solve any problems for Carey or for The Nature Conservancy or any one else. After giving it some thought, we recommended to Carey that this might be an opportunity for a settlement of the lawsuit and his achieving his hand of ultimately getting the island into the hands of The Nature Conservancy.

Carey didn't want to give it to the Conservancy then per se. He wanted control during his lifetime. That is where we started, that he would have control during his lifetime. He later rescinded that position to a degree and fixed a date which I didn't agree with him on doing--but that's a slightly different subject which became moot anyway. In any event, after giving it some thought and talking with Carey, we recommended that we approach The Nature Conservancy with an outline a proposition: if it was interested in the island, it would have to raise enough money to buy the island at a reduced valuation.

We thought that Eddie would, in effect, agree to sell his third at some reduced valuation figure because he was in no position to win his lawsuit and get money out of Carey or make Carey subdivide the island. He was going to be faced with a long prolonged lawsuit. It would be expensive and returning little, if anything. It was obvious that Carey and he were never going to get along at that point, and would never agree between themselves. I told Carey, "if you try and buy him out at a reduced figure, he probably would later on sue all of us for having forced him into a bargain sale and say that Carey was taking advantage of his situation."

We recommended that The Nature Conservancy was interested and could raise some money to buy out Eddie. We didn't want to get involved in fixing that figure, because that would have just given rise to a second lawsuit later on. If the Conservancy, acting independently from us, could deal with Eddie, through his attorneys, we didn't want to be involved in the negotiations. If the Conservancy got him to agree to sell out for X dollars we would then, try to make a deal with him exactly along the lines that was ultimately agreed upon with a few minor exceptions. Mainly, that he would take in cash, or value, no more than half of his 2/3, or a 1/3 of the whole--exactly what they were going to give to Eddie. And ultimately, on his death he would or during his lifetime, give to them either gradually or in his final will his remaining half or the other 1/3.

M.D.: Did you not tell me that at one point Carey did not want money from the Conservancy, and that you insisted?

R.B.: Well, at one point in the negotiations he was willing to concede to take less money than Eddie was getting. I felt strongly and said that I really couldn't in good conscience allow him to sit there and take less money for his 2/3 than Eddie was getting for 1/3. If he wanted to give Eddie terms, that would be understandable and I wouldn't raise hell. I knew him well enough to talk strongly, although he could always override me, and indeed did on one issue that I will get to.

M.D.: He was paying you for your advice.

R.B.: So, I gave it to him in rather strong terms and he followed it though a little bit reluctantly. At one time he was pretty enamored of these people. I don't know what kind of a sweet-talk they gave him, but they gave him a lot of it, and he was pretty enamored. He wanted the deal and I wanted him to have the deal because it was sensible, but not at the price of Carey becoming a pauper himself or losing control.

M.D.: Do you if know the Conservancy made contact with the nephew?

R.B.: Essentially, yes. We said, "we don't want any part of that negotiation, because if there's ever another lawsuit or if later on he's unhappy, he's going to be taking our depositions and we want it clear that we had no part in the deal that you made with the nephew. You go on your own way. We don't want to even hear about it until it's done."

M.D.: Is that when you hear about it?

R.B.: That's when we heard about it.

M.D.: And you were told the figure?

R.B.: Yes, told the figure and we then said all right, we're willing to proceed and make our deal with you along these lines, which I just outlined. That Carey, during his lifetime, would control the company. The stock they got from Eddie, the Conservancy had to give him a proxy to vote that stock, and he was to control it during his lifetime subject to a conservation easement which we negotiated out so Carey couldn't do anything except what he had been doing or which was consistent with this conservation easement. That was negotiated intensively and was recorded at the time of the close of the deal, so although Carey controlled the stock and the voting of the stock, all of it at this point, Eddie was out with his million dollars. Carey didn't give The Nature Conservancy terms. I've forgotten whether he took any cash or not, but they had to pay him ultimately the million dollars, either without interest or a very reduced interest figure. And he was committed either during his lifetime, or on his death, to give them the other 1/3, half of his holdings. So, he was to sell 1/2 of his holdings for not a million in cash, but a million in paper. He was committed to give them the other 1/2 of his holdings, or 1/3, so that on his death they would have it completely. Both they would be subject to the conservation easement after his death, and he would be subject to the conservation easement during his lifetime. So, both of them were protected that the island wouldn't ever be subdivided or sold free and clear of any obligations devoted to certain purposes which were set for in this easement.

M.D.: I have a question. What is to prevent The Nature Conservancy from turning around and selling the island?

R.B.: It would have to be subject to this conservation easement. And that means the buyer could not develop it, could not do things contrary to this easement. This is a controlling document. And it's recorded on the title.

M.D.: Can it be changed?

R.B.: It can't be changed.

M.D.: It is in perpetuity?

R.B.: ...perpetuity. An easement to conservation. This protected Carey against The Nature Conservancy from just taking over and selling it for a lot of dough, and protected The Nature Conservancy from Carey from trying to do something with his control during his lifetime.

M.D.: There is nothing to prevent The Nature Conservancy from selling it to, for example, the National Park Service?

R.B.: No. But, it would be subject to the conservation easement. The National Park Service couldn't do anything other than what is provided by the conservation easement. You can't tie up property that it can't be sold, but you can tie up property with an easement, so it's sold subject to what is said in the easement. It wasn't within his power to say they can't ever sell it to anyone, but it was within his power legally to make any sale they might ultimately make subject to his basic wishes. His basic wishes and their basic wishes were all incorporated in the conservation easement, which is extant, and covers the island. Just like a mortgage or anything else, except that it is in perpetuity and can't be paid off.

M.D.: If it were to be violated, who would enforce it?

R.B.: Any interested party. I think in this case it would be the Attorney General to enforce it. How you would trigger that? Any interested person could trigger an enforcement and they would be subject to it. But I think under the law, my recollection is, when you get a charitable situation it's the Attorney General that enforces the restrictions on the charity. That's still extant and they're subject to that as they are well aware.

M.D.: What was the point that you said that Carey overrode you?

R.B.: Well, I said, "Carey, your control ought to be for your lifetime." When we started out the documents read that way. The Conservancy didn't like that. It didn't like his control period. But we insisted, and it finally said, "sometime when you're old and tired you want

to at least retire to your house and let us have the rest of the island.” Carey, over my objection, conceded to that, so at the year 2008, he would loose control. I remember him saying, “I’ll be in my dotage and it won’t matter to me.” We made them agree, as I recall, that he could stay in that house as long as he wanted to. But he would lose control of everything on the island except for the house. I didn’t like that. But he made me give in on that. I couldn’t do anything more about it. I mean I wasn’t nasty about it, but I told him I didn’t like it, because you sometimes live longer than you think you’ll live, and I have seen people regret giving away things to their children and so forth and not be happy with it, and they are going to take over your island and going to doing things you don’t want and you’re going to unhappy if you live that long. And I think he would have been. But he didn’t live that long.

In any event, that is one thing he definitely overruled me on, although I didn’t obviously stand up and say, “you simply can’t you do that!” I almost said it, I was that strong about his getting some money out of the picture. He wasn’t a wealthy man. He had a few bucks, but the million dollars set him in business so you now have the Foundation [Santa Cruz Island Foundation], because it was a million dollars plus a few other bucks he had that gave him enough money. With good investments he had made it, and you now have the assets. He wouldn’t have had enough money to set up the Foundation, I don’t think, unless that would have been the money he got out of them.

Then the Conservancy went about raising the million dollars, I know they got a million out of ARCO. Bob Anderson, who was then head ARCO, was very conservation-minded. Do you know about him? He was the Chairman of ARCO and a very prominent man.

M.D.: Is this Robert O. Anderson?

R.B.: Robert O. Anderson who owns more real estate in New Mexico than anywhere else, I think. In any event, The Nature Conservancy flew them over to the island, I know, and entertained him and he committed the million bucks of ARCO funds which gave the Conservancy the seed money to pay Eddie.

M.D.: ARCO’s money was the million that went to pay Eddie?

R.B.: Well, whether it’s traceable or not. At that point, they knew they could make a deal and then they came back to Carey and gave him terms.

M.D.: Because they had another million to go...

R.B.: To pay to Carey, but Carey wouldn’t agree to it. I have forgotten whether he got any money out of it originally. If he did it wasn’t much.

M.D.: Was there anything that they also agreed to raise X amount so that endowment would be included for the island?

R.B.: No, money was so scarce and Carey was so anxious to make this deal that we were exhausting our leverage in getting the million for Carey and the million for Eddie, there

wasn't any room for any further demand. But the Conservancy had the island and it was its responsibility.

M.D.: Where does the figure \$2.5 or \$2.7 million come from that the Conservancy said that it had to raise?

R.B.: I think it was the million for Eddie, the million for Carey and \$500,000 was the kitty to operate it and not lose money and keep it going. It wasn't making much money at that point. It was making some with the leases and the hunting. The hunting brought in \$80,000 to \$90,000 a year, and that was as much as the cattle income.

M.D.: At the end, the last year of the hunting, it brought in \$250,000.

R.B.: And it was going up. At that time, my recollection was that it was in the 80 to 90 and at one point it exceeded the cattle income and the rental income. It was making maybe a total of \$200,000, in round figures, and the expenses were about that. Carey was getting an \$18,000 salary, as I recall, something like that, not much. His expenses were moderate. So, it was a slightly better than break-even proposition.

But The Nature Conservancy had no right to those funds per se. They acquired out of this 1/3 of the stock, or they had to give a proxy back to Carey. There's another angle here, but I'll finish this stock angle. I think he kept his stock until they paid him the extra million dollars. That was the purchase. He kept it back. They didn't actually get ownership of it until the they paid him the money. And he was committed in writing to give it the other 1/3 of the whole which it didn't have. When the transaction closed, the the Conservancy was out the million bucks they paid to Eddie. That was part of the closing. And didn't have anything. There is an exception to this that I'll get to. The Conservancy had a stock certificate saying it owned 1/3 but the proxy owned that, as long as we could make the proxy for, I think it's 21 years--there is a limit. He had the power to vote that stock for 21 years. And he had voting control of the rest of the stock.

M.D.: Sounds like a great deal.

R.B.: So, they weren't getting much immediately.

M.D.: And that was a done deal at that point.

R.B.: At the closing this is the way it was handled, except, here again the trading was pretty intensive--speaking about an endowment that was never-never land, we were just trying to keep this place intact and going and get a few bucks. They wanted title, they said, "we can't come out with just that, we want title to some of the land, subject to the conservation concern. And we want a lease on some other land. I'm a little fuzzy here, the documents will show that. We got a big booklet, I think, you probably got one, that shows all these documents. In any event, I know they got a lease on some of the lands, part of the hill land that Carey didn't care anything about.

M.D.: I believe they got Fee Title to about 20,000 or 22,000 acres of the north side of the island which was theirs by title but immediately leased back to Carey, to the Santa Cruz Island Company. So, Carey still had control of all the land, he simply lost title to those 22,000 acres.

R.B.: That's correct. They said, in effect, "look, we're getting for our million bucks cash, and whatever cash Carey got plus an agreement to pay, we're not getting anything we can put out hands on. We need title to something to justify our raising this money." That's how we handled that. They got fee title but Carey leased it back for agricultural purchases.

M.D.: So, he was still in total control.

R.B.: Total control. But with regard to the conservation easement, they had control. Carey wanted this done anyway. He wasn't giving up anything that he didn't want to give up.

M.D.: But he was entitled to continue any operations that were historically ongoing, those were not to be taken away from him...

R.B.: That's correct. Specifically the hunting, which became a big issue later on--was specifically prevented.

M.D.: How did that deteriorate? Or am I jumping ahead of the story? What happened after the deal was a done deal. How did it go wrong in the sense of Carey's perception of what had been done to him by the Conservancy?

R.B.: Okay. It's a done deal now, what we've talked about. We can get into more details if you want to get out documents. But that deal is made.

M.D.: Carey was very, very happy.

R.B.: With reason. He was in control during his lifetime, he could run the company, he didn't have to pay them any dividends. The lawsuit with the nephew was dismissed, he was free of the nephew, the nephew walked away with a million bucks, and he was happy for awhile. I guess happy indefinitely, I never heard anything. He had good advice, he had legal advice, he had his step-father's advice. He walked away with a million bucks, which was a lot of money then, a lot of money for Carey to get, you know. So, although the island we all knew would have sold for many, many times that, this is evaluating it at three million dollars, a million to Eddie for his 1/3, a million to Carey over time. Carey never really got a million, he got maybe \$100,000 because he gave the Conservancy a lot of time and no interest. He agreed to give them 1/3 as a donation, a charitable donation, either during his lifetime which we figured he would do gradually and get charitable deductions, you see, as he gave away more stock. So, that was part of Carey's estate planning and income planning. His income would be sheltered by his charitable deductions, giving his stock on a yearly basis in pieces to The Nature Conservancy. I don't know if he actually did that or not.

He maybe did for awhile. All right, it's a done deal, basically, and then starts his relationship with The Nature Conservancy. Here, I was only peripherally involved. I was intimately involved in the deal.

M.D.: So, you passed the baton then, as it were, to David Watts after it was a done deal?

R.B.: Not so much to David Watts as to...well, I was off the Board and I think either at that time or before David came on the Board. And yes, you're correct. Basically I did. I was still friendly with Carey so I ended up a consultant.

M.D.: Carey used to say repeatedly how kind it was, how very kind it was, of you to postpone your retirement until this deal was consummated.

R.B.: Well, basically I did see it through. I don't know that I postponed my retirement. I retired in states. That's right, this was about 1977 or thereabouts, yes. In the course of gradually phasing out, I think I completely retired in 1978.

M.D.: Which was the year this was signed.

R.B.: But I'm sure I wasn't fully retired when it was signed. But I was in the process of retiring and full retired shortly thereafter. So, you're correct. I wasn't any longer being paid except my retirement pay by the firm, and wasn't working as a lawyer. David Watts took over working as a lawyer and on the Board and so forth. But Carey would talk to me and I would talk to him. It was just *pro bono*, so to speak, rather than as an official attorney. I wasn't intimately involved from then on. Probably your better source from here on is David Watts or George Manfredi or Thorpe. What I know from then on is hearsay. It is not as direct as what I have said up to now, where I was personally involved. I'm a little reluctant to get into hearsay, but I will if you want me to.

M.D.: I would like to do that and I would like to switch tapes. Tape, side 3 March 11, 1992 interview with Richard Bergen. This tape contains hearsay information concerning the Santa Cruz Island Company and the Nature Conservancy. This tape begins after the actual information known by Dick Bergen to be fact, which is on tape side 2 of our interview today.

R.B.: This starts after my retirement from actively representing Carey or the Company and retirement from the firm, and is really predicated upon what people have said to me and my best recollection of that, without my knowing factually that any of it true, although I obviously think some of it is true or I wouldn't repeat it at all. In any event, the Conservancy deal was a done deal, Carey was happy, the Conservancy was happy, and I believe Eddie was happy. It was a very pleasant, although intensively negotiated deal. At one time we almost broke up over Carey's getting his million dollars. I didn't get into that, but I finally said to him that they tried to keep trading it down and asked him to give on this and give on that and take less than a million and get

more terms with less interest, too, whatever. We finally had a showdown at one meeting. I said to the others, "you don't want this deal, you can walk away, but this is our minimum requirement." They stayed with that because they wanted it.

M.D.: The showdown was with you and the Conservancy.

R.B.: And the attorney with the Conservancy.

M.D.: Who was the attorney? Do you recall?

R.B.: No, but that is in the papers. He was out of San Francisco. I think Frank Boren was, at this time, the executive dictating the terms of the deal. I did meet with Frank, maybe once or twice, but Carey primarily talked to Frank and I talked to the attorney. In any event, it was a done deal that was intensively negotiated and intensively fought on both sides to make the best deal we possibly could. When it was all said and done they were happy, we were happy, Eddie was happy, and Carey was happy. We went away friendly. And it was a very clear deal. It was written out in very clear terms, specifically that Carey was in control and that he could continue the hunting and the income and could run the Company during his lifetime. He now had better control than he had before, had complete 21-year proxy of the other 1/3 of the stock that he didn't have before. And in a sense, he had better control, although he was subject to the conservation easement--that was the other side of it--but party to a title, 20,000 acres subject to a lease back. The lease had a term limit, I've forgotten what it was. He didn't care about that term limit because that was part of the island and if he didn't control later on it didn't bother him, but come the year 2008 when he lost complete control--but it didn't bother him because he said, "well, I'll be in my dotage," and he cast that aside as unimportant. He and the Conservancy came on to the island and he worked with them, and you were in the picture then. You probably know more of the actual facts than I do. But gradually, through resentment--it started with concern, I guess, and then ultimately some actual hostility and finally more than hostility--the threat of the actual preparation of a suit against Carey.

M.D.: By the Conservancy?

R.B.: By the Conservancy. I've been told that the basic--well, Carey is alleged to have made representations to the Conservancy about things he would or would not do to help them. One of the things that it contended he said, and Carey sometimes talked when he

should have listened. We all knew that he said he would stop the hunting on either all or some parts of the island. In fact, I'm sure that he did finally agree that they could clear sheep off part of the island. He said, "there's this fence line and I don't care about it if they want to clear sheep." Maybe it's the 20,000 acres that was involved. But he finally did agree, and admitted to me, that they could clear the sheep off part of the island, fence it in, and conduct their experiments, or whatever they wanted to do on that part of the island where the sheep wouldn't be eating on their plants, or whatever they wanted to do. But then they claimed that he committed to ending the hunting, if not immediately, sometime in the future, so they could have the island to conduct their experiments on without any sheep or pigs or any interference. The Fleischmann Foundation was involved, and they got some money from the Foundation and they claimed that he represented something in connection with that which he either denied or never admitted to me, anyway.

M.D. Would you like me to interject at this point my understanding at this juncture? Carey was contacted by The Nature Conservancy. It had a terrific opportunity. The Fleischmann Foundation was being disbanded. The funds, the corpus, was going to be distributed. The Conservancy felt it had a very good shot at getting a million dollars, but it needed to tell the Fleischmann Foundation what it needed the money for. It just couldn't say we'll take a million dollars. They negotiated with Carey, to my understanding, which is Carey's perspective. The Conservancy said to Carey, "isn't this a great opportunity, we have the opportunity of getting a million dollars from the Fleischmann Foundation, what do you think?" Carey said, "gee, I'm all for you getting the money. How can I help? I'd love you to have the money." They were still very much in communication with one another at that time. The Conservancy said it wanted to use the feral sheep as an excuse to get the money. That was what they would say they needed it for. They said to Carey, "we're just saying this, of course, we have our signed agreement with you, you can continue your operations, we don't expect anything from you, we just want your blessing to back us in our request to get the Fleischmann money." Carey said, "I'd be glad to." The Conservancy handed him a 2-page document in which Carey waived his rights concerning his hunting of the sheep to the Conservancy. In retrospect, it's my opinion that Carey believed what he was told verbally, which was that regardless of the fact that he signed this document the verbal word stood. In fact, the Conservancy later turned around and used his signature against him and said, "Here is proof, you signed this document, you gave us the rights to the sheep and we elect to remove them." Carey said, "that's not what you told me." This document was signed. It was a very brief memorandum that Carey thought very little of when he signed, because at the time they said, "we just want to add the million dollars to our Santa Cruz Island kitty, but honest, trust us, we're not going to bother you and nothing is going to change between the agreement that we have." And Carey signed. And that's where the trouble began.

R.B.: That's where he made his mistake.

M.D.: That signature is where, to me, he made the fatal error.

R.B.: That's right. They rubbed that in on him...

M.D.: Fatal, in more ways than one.

R.B.: They told him in effect that if you don't allow us to get rid of the sheep you're in trouble because you will have misrepresented to a charitable foundation that enabled money to come to the benefit of Santa Cruz Island improperly and illicitly, and you're in trouble. I know it disturbed him tremendously. They again, hearsay, they drafted an actual complaint against him, and they said they were prepared to file in court if he didn't live up to what he had signed in that memorandum. Rather than take another lawsuit, which Carey didn't need or want--Carey wasn't really up to a lawsuit in the broad sense as it would have threatened his personal life and his way of living. He agreed that they could take over the elimination of the feral sheep and he'd give up \$250,000 a year, or whatever it was, of income which he controlled. You see, he controlled the income. They would ultimately get the benefit of anything that was left out of this money going into the Corporation on his death, but during his lifetime he would have controlled all his income. And by giving that up he impoverished, so to speak, to a degree, the Corporation, because it still had enough to make it, but it took a lot of the extra income, shall we say, out of the Corporation. Running the Corporation that didn't have any significant extra income hurt him terribly, I know.

M.D.: He accused them of trying to force him into bankruptcy and to bankrupt the Company intentionally. This was carefully orchestrated. There is a tangent to this. He was very very upset, he had been lied to. He had, in the spirit of cooperation, gone along with them. They turned around and used it against him. In order to make amends, he met with, I believe, Frank Boren in the presence of David Watts, and he was told not to worry, that he would be compensated for the loss of the sheep on a one-time basis only. The sheep that were killed, the Company would be paid for. Carey engaged in quite a bit of research, at that juncture, about what an animal is worth on the hoof. He called ranchers, did some research as I said, and if my memory serves me, he was told that a top quality sheep was worth \$100, depending upon the age, the sex, etc. A lesser animal would bring a minimum of \$50. He was willing, as was Frank Boren, to negotiate the value on the sheep at a much reduced value of \$20 an animal. Frank Boren agreed verbally, not in writing, with Carey, that the Company would be reimbursed at the rate of \$20 a sheep. It came to pass that 32,000 sheep were eliminated. Carey rounded it off to 30,000 times \$20 and said, "you owe the company \$600,000. You've taken away a quarter-million dollars of your income, you owe the Company \$600,000 as a one-time shot." This wasn't in writing, this wasn't something the Board knew about or agreed upon, and Frank Boren at that point told Carey Stanton, as Carey Stanton reported to me, "we simply don't have that kind of money."

R.B.: Well, he never told me about this conversation or this oral deal, but it ties in with everything else because he became completely disenchanted and very bitter toward Frank Boren, and very upset with the Conservancy as an institution, although he knew he was stuck with them, so to speak, because the deal was a done deal, as he well knew

when he signed it. You can't back away from it. This wasn't a deal you could back away from. So, that ended on that unhappy note, unfortunately, but it happens in life and business.

M.D.: This is true. His expression was that once they got their foot in the door they'd never stopped pushing--trying to open that door all the way. And they pushed and pushed and pushed. And toward his last years, he was emotionally spent, he was emotionally bankrupt and he said, "I just don't have the strength to push on that door anymore." This became particularly pointed after Henry Duffield's death. Because Henry gave him a particular amount strength in fighting The Nature Conservancy, from the smallest thing. And Carey could get stuck on a very small issue and not let it drop. Something as small as a Conservancy employee driving through the ranch yard, when in the original agreement his privacy is not to be disturbed. He would just focus on that employee until the employee was replaced or dismissed for a minor infraction. And then it got to be just a battle and he died at the height of this battle. I think he simply was worn out.

-End-